to the end sought, namely, the destruction of federal rights by the curtailment of the proper jurisdiction of the federal courts.

CONSTITUTIONAL LAW—ILLEGAL CONTRACTS—CLAYTON ACT.—The complainant corporation sells acetylene gas in tanks under an agreement whereby it retains title to the tanks, exchanging filled tanks for those exhausted, without charge except for the contents. The defendant induced the complainant's customers to have the tanks refilled by the defendant in violation of their contract with the complainant. In a proceeding to restrain the defendant from so acting, the defendant contended that the complainant's contracts were in violation of the Clayton Act. *Held,* injunction granted. *Auto Acetylene Light Co.* v. *Prest-O-Lite Co.* (C. C. A. 6th Cir. 1921) 276 Fed. 537.

The Clayton Act applies only to sales and leases. *Curtis Pub. Co.* v. *Federal Trade Commission* (C. C. A. 1921) 270 Fed. 881. Under the Act it is illegal to lease goods or supplies on condition that the lessee shall not use supplies of a competitor of the lessor. (1914) 38 Stat. 730, U. S. Comp. Stat. (1916) § 8835c; *United States* v. *United Shoe Machinery Co.* (D. C. 1920) 264 Fed. 138. The violation complained of was the alleged lease of the tanks with such a condition imposed. But allowing the customer to retain the containers merely as a method of conveying the gas to the customer is not a lease of the tanks. See *Prest-O-Lite Co.* v. *Ray* (1917) 220 N. Y. 522, 527, 116 N. E. 350. Even if a lease provides that only the lessor's supplies shall be used in connection with it, where keen competition nevertheless flourishes, the Clayton Act is not violated. See *Canfield Oil Co.* v. *Federal Trade Commission* (C. C. A. 1921) 274 Fed. 571, 573. The holding of the court in the instant case is correct on both grounds. The transactions did not disclose a lease of the tanks, so that the Clayton Act has no application. Furthermore, if there were a lease, the restrictions while within the words of the Act, are outside its spirit as their observance does not sufficiently tend to create a monopoly.

CORPORATIONS—FRAUD IN INDUCING SUBSCRIPTIONS.—In an action by a corporation to collect a stock subscription, the defendant excepted to a refusal to charge, *inter alia,* that if the defendant was induced to sign the subscription list by false and fraudulent representations of Stemmler, a co-subscriber, to the effect that the defendant's name would be scratched off as soon as it had served the purpose of enabling organization, and if Stemmler later became a director and officer of the corporation, the corporation was affected with notice of the fraud and could not recover. *Held,* for the plaintiff; exception overruled, because knowledge of a director is not knowledge of the corporation. *Myrtle Point Mill & Lumber Co.* v. *Clarke* (Ore. 1922) 203 Pac. 588.

The requested charge was defective in not conclusively specifying Stemmler as a promoter or subscription agent. He might have been an officious party making representations which could not have been charged to the corporation. See *Canal Bank* v. *Holland* (1850) 5 La. *363, *365. The charge, however, readily lends itself to the interpretation that Stemmler was acting as promoter in securing subscriptions to the corporation, and the court might well have founded their decision more solidly on the merits although treating him as such. *Cf. The Telegraph* v. *Loetscher* (1904) 127 Iowa 383, 101 N. W. 773. Where an unauthorized agent secures subscriptions for an existing corporation which ratifies and accepts the benefits thereof, the agent's fraud in inducing the contract is a good defense although the corporation is ignorant of the fraud. *Owens* v. *Boyd Land Co.* (1898) 95 Va. 560, 28 S. E. 950. By the weight of authority the same rule is extended to subscriptions induced by a promoter's fraud prior to incorporation, even though technically there is no principal then existent, and such fraud will be